

STATE OF NEVADA  
GAMING CONTROL BOARD  
MINIMUM INTERNAL CONTROL STANDARDS

**CAGE AND CREDIT**

Note 1: Category A licensee is a licensee whose “Collections in Areas Other than the Pit” on the NGC-1’s for the 12 months ended June 30 exceeds \$10 million. All standards apply to Category A licensees.

Category B licensee is a licensee whose “Collections in Areas Other than the Pit” on the NGC-1’s for the 12 months ended June 30 are less than or equal to \$10 million. MICS #5, #18, #24 - #26 and #54 do not apply to Category B licensees.

The term “licensee” is intended to include race and sports books who cash checks for patrons.

Note 2: If a licensee has no pit credit and makes no adjustments for returned checks or cage credit on their NGC-1’s, only MICS #16 - #17, #35 - #48, #58 - #61, and #66 - #70 are applicable.

Note 3: The following standards represent minimum acceptable credit procedures applicable to the race and sports, slots, keno, bingo and the cage departments. The requirements of Regulation 6.120 must also be met if credit issuances are to be excluded from gross gaming revenue.

Note 4: For any Board-authorized computer applications, alternate documentation and/or procedures which provide at least the level of control described by these standards will be acceptable.

Note 5: The accounting treatment and documentation requirements applicable to marker transactions are also applicable to front money wagering transactions and cash deposit/withdrawal (CDW) transactions.

***Approval and Issuance of Credit***

1. At least the following information is recorded and maintained for patrons who have established credit limits or are issued credit of any amount (credit issuances include the issuance of markers and the use of counter checks, but excludes personal checks, payroll checks, cashier’s checks and traveler’s checks):

Note 1: The information required by “a.” through “e.” is documented prior to the issuance of credit in any amount.

Note 2: A counter check is a form provided by the licensee that is completed as is necessary for the instrument to be presented to the patron’s bank for payment.

- a. Patron’s name, current address, and signature.
- b. Type of identification credential, credential number, expiration date of credential, and date credential was examined.

Note: A patron’s driver’s license is the preferred method for verifying the patron’s identity. A passport, non-resident alien identification card, other government issued identification credential or another picture identification credential normally acceptable as a means of identification when cashing checks, may also be used.

- c. Documentation of credit worthiness using a method permissible under Regulation 6.120(2)(a).
- d. Authorized credit limit.
- e. Signature/initials of the individual(s) designated by management to approve credit limits. For computerized systems, a credit limit approval controlled through system passwords is adequate.
- f. Date, time and amount of credit issuances and payments.

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- g. Amount of available credit.
- 2. Prior to the issuance of gaming credit to a patron, the employee issuing the credit:
  - a. Determines whether the credit limit is properly authorized.
  - b. Determines whether the available credit is sufficient to cover the issuance.
  - c. Verifies the patron's identity by examining the patron's identification credential (except for patrons that are known).

Note 1: A patron's driver's license is the preferred method for verifying the patron's identity. A passport, non-resident alien identification card, other government issued identification credential or another picture identification credential normally acceptable as a means of identification when cashing checks, may also be used.

Note 2: It is recommended, but not mandatory, that in order to mitigate identity theft the identification credential presented when issuing credit and the patron's signature be compared to the copy of the patron's picture identification (if applicable) and signature that were obtained when the patron's credit account was established.
- 3. Credit limits over a specified dollar amount are approved by personnel designated by management.
- 4. Proper approval for the increase of credit limits of over 10 percent of the previously established credit limit or \$1,000, whichever is greater, is documented.
- 5. The job functions of credit approval (i.e., establishing the patron's credit worthiness) and credit issuance are segregated if pit or cage credit issuances to a single patron of \$10,000 or more per day are transacted.
- 6. If cage markers and/or counter checks are issued to a single patron in an amount exceeding \$3,000, applicable gaming personnel are notified on a timely basis of the patron's playing on cage credit, the applicable amount of credit issued, and the available balance.
- 7. Cage marker forms are at least two parts (the original marker and a payment slip), prenumbered by the printer or concurrently numbered by the computerized system, and utilized in numerical sequence.
- 8. The original cage marker contains at least the following information: marker number, patron's name and signature, amount of credit issued (both alpha and numeric) and the signature or initials of the cashier, unless this cashier information is included on another document.
- 9. The payment slip includes the same marker number as the original, date and time of payment, amount of payment, nature of settlement (cash, chips, etc.), and signature or initials of cashier receiving the payment, unless this cashier information is included on another document.
- 10. When counter checks are issued, the following is included on the check:
  - a. The patron's name and signature.
  - b. The dollar amount of credit issued (both alpha and numeric).
  - c. Signature or initials of the cashier, unless this information is included on another document.
- 11. Voided markers contain the following:

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- a. "Void" written across all parts of the marker along with the reason for the void.
  - b. Date and time of void.
  - c. Signature or initials of the cashier and cage department supervisor.
12. The voiding process is completed no later than thirty minutes after the issuance of the marker unless the reason for exceeding this time period is documented.
  13. For computer-generated markers, the patron's computer account is updated to reflect the voided marker transaction.
  14. All parts of voided markers are submitted to accounting for retention and accountability.
  15. Pit markers cannot be voided by cage personnel.
  16. If personal checks, cashier's checks, or payroll checks are cashed the cage cashier:
    - a. Examines and records at least one item of patron identification (e.g., driver's license).
    - b. Verifies the patron's credit worthiness pursuant to Regulation 6.120(2)(a) and records the verification source and results on the check (for personal checks).

Note: For patrons that have an active established credit limit pursuant to MICS #1, verification of the patron's credit worthiness is not required. "Account on file" is recorded as the verification source and results.
    - c. Makes a reasonable effort to verify business authenticity (for payroll checks).
    - d. Makes a reasonable effort to verify the authenticity of cashier's checks for amounts over \$1,000.

Note: If a check guarantee service is used to guarantee payment of an instrument and the procedures required by the check guarantee service are followed, then this standard does not apply.
  17. When traveler's checks/guaranteed drafts are presented all required issuance and acceptance procedures are adhered to by the drawee and cage personnel.
  18. If outstanding credit instruments are transferred to branch offices, collection agencies, or other collection representatives, a copy of the credit instrument and a receipt from the collection representative are obtained and maintained until such time as the credit instrument is returned or payment is received.
  19. If outstanding credit instruments are transferred to a law enforcement agency (e.g., district attorney's office), a copy of the credit instrument and documentation from the law enforcement agency is maintained stating that the original credit instrument is in their possession.
  20. A detailed listing is maintained to document all outstanding credit instruments that have been transferred to other offices as indicated above. (Branch offices maintain a detailed listing of outstanding credit instruments in their custody.)
  21. The above listing is prepared or reviewed and signed by an individual independent of credit transactions and collections thereon.

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***Payment Standards***

22. All payments received on outstanding credit instruments are permanently recorded in the licensee's records and at the branch office (if applicable).
23. When partial payments are made on credit instruments (includes personal checks, payroll checks and cashier's checks), and the original instruments are not replaced with a marker for the remaining balance, they are evidenced by a multi-part receipt (or another equivalent document) which contains:
  - a. The same receipt number on all copies.
  - b. Patron's name.
  - c. Date of payment.
  - d. Dollar amount of payment and nature of settlement (cash, chips, etc.).
  - e. Signature or initials of individual receiving payment.
  - f. Number of credit instrument on which payment is being made.

Note: The following three standards do not apply if account balances are routinely confirmed on a random basis by the accounting or internal audit departments, if statements are mailed by someone independent of the credit transactions and collections thereon, and the department receiving payments cannot access cash.

24. The routing procedures for payments by mail require that they are received by a department independent of credit instrument custody and collection.
25. Such receipts by mail are documented on a listing indicating the following:
  - a. Patron's name on account to which the payment is being applied and the name of individual making the payment, if different than the patron.
  - b. Amount of payment.
  - c. Nature of payment (if other than a check).
  - d. Date payment was received.
26. The total amount of the listing of mail receipts is reconciled with the total mail receipts recorded on the appropriate accountability by the accounting department on a random basis (for at least 3 days per month).

***Access to Credit Documentation***

27. Access to credit information is restricted to those positions which require access and are so authorized by management.
28. Access to outstanding credit instruments is restricted to persons authorized by management.
29. Access to written-off credit instruments is further restricted to individuals specified by management.

***Documentation***

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30. All issuances of cage credit, pit credit transferred to the cage and subsequent payments are documented on a credit instrument control document by cage personnel.
31. Records of all correspondence, transfers to and from outside agencies, and other documents related to issued credit instruments are maintained.

***Write-Off and Settlement Standards***

32. Written-off or settled credit instruments are authorized in writing.
33. Written-off or settled credit instrument approvals are made by at least two management officials, other than branch office personnel, at least one of whom is independent of the initial credit limit approval process, and the issuance and collection of credit relative to the patron's account. The individuals approving the write-off or settlement must sign a document indicating their authorization.

Note: The job titles of management personnel designated to review and grant such approvals are included in the cage and credit section of the written system of internal control pursuant to Regulation 6.120(6)(b).

34. Completed written-off and settled credit instrument documentation is submitted to the accounting department within 72 hours of completion.

***Customer Deposits***

35. The receipt or withdrawal of a customer deposit is evidenced by at least a two-part document with one copy going to the customer and one copy remaining in the cage file.
36. The multi-part receipt contains the following information:
  - a. Same receipt number on all copies.
  - b. Customer's name and signature.
  - c. Date of deposit/withdrawal.
  - d. Dollar amount of deposit/withdrawal.
  - e. Nature of deposit/withdrawal (e.g., cash, check, chips).

Note: Provided ALL of the above information (a through e) is available, the only required information for all copies of the receipt is the receipt number.

37. Procedures are established to:
  - a. Maintain a detailed record by patron name and date of all funds on deposit.
  - b. Maintain a current balance of all customer deposits which are in the cage/vault inventory or accountability.
  - c. Reconcile this current balance with the deposits and withdrawals at least daily.

***Safe Deposit Boxes***

Note: It is recommended, but not mandatory, that the following procedures for maintaining accurate records on the issuance and closure of safe deposit boxes also be adhered to in non-gaming areas of the licensee's

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establishment (e.g., hotel front desk).

38. The issuance and closure of a patron's safe deposit box in the casino cage or in other gaming areas of the licensee's establishment is evidenced by a document that includes the following information:
- a. Safe deposit box number.
  - b. Date of issuance and closure.
  - c. Patron's name and signature.
  - d. Type of identification credential, credential number, expiration date of credential, and date credential was examined.

Note 1: A patron's driver's license is the preferred method for verifying the patron's identity. A passport, non-resident alien identification card, other government issued identification credential or another picture identification credential normally acceptable as a means of identification when cashing checks, may also be used.

Note 2: For patrons that have an active established credit limit pursuant to Cage and Credit MICS #1, examining the patron's identification credential is not required. "Account on file" is recorded as the type of identification credential examined.

- e. Employee's name and signature that issued or closed safe deposit box.
39. Procedures are established to maintain a detailed record of all casino safe deposit boxes and the current status of each box (e.g., issued, not issued).

***Cage/Vault Accountability***

40. All transactions that flow through the casino cage are summarized on a cage accountability form on a per shift basis.
41. Increases and decreases to the cage inventory are supported by documentation. For any individual increase/decrease which exceeds \$100, the documentation indicates the date and shift, the purpose of the increase/decrease, the person(s) completing the transaction, and for decreases indicate the person or department receiving the cage funds.
42. The cage and vault inventories (including coin rooms/vaults) are counted by at least two persons, attested to by signature, and recorded in ink or other permanent form at the end of each shift during which activity took place (at least once daily). Such documentation is to include the date and shift for which the count was performed.
43. All net changes in outstanding casino accounts receivables, including all returned checks, are summarized on a cage accountability form or similar document on a per shift basis.
44. Such information is summarized and posted to the accounting records on at least a monthly basis.

***Promotional Payouts, Drawings and Giveaway Programs***

Note: MICS #45 - #47 apply to any payout resulting from a promotional payout, drawing, or giveaway program (e.g., paycheck wheels) disbursed by the cage department or any other department, exclusive of programs that have been addressed in the MICS for other departments. The promotional payout, drawing or giveaway programs applicable to these MICS are associated with gaming activity or a promotional scheme to encourage the

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patron to participate in gaming activity.

45. The conditions for participating in promotional payouts, including drawings and giveaway programs, are prominently displayed or available for patron review at the licensed location.
46. Promotional payouts that are either deducted from gross gaming revenue, or are greater than or equal to \$100 and not deducted from gross gaming revenue, are documented to include the following:
  - a. Date and time.
  - b. Dollar amount of payout or description of personal property (e.g., car).
  - c. Reason for payout (e.g., promotion name).
  - d. Signature(s) of the following number of employees verifying, authorizing, and completing the promotional payout:
    - 1) Two employee signatures for all payouts of \$100 or more; or
    - 2) One employee signature for payouts of less than \$100 that are deducted from gross gaming revenue.
47. If the promotional cash payout is less than \$100 and is not deducted from gross gaming revenue, documentation is created to support bank accountability.

***Accounting Standards***

Note: The term "casino accounts receivable", as used in these standards, includes any item (including returned checks) adjusted for on the NGC tax returns.

48. The cage accountability is reconciled to the general ledger at least monthly.
49. A listing of all casino accounts receivable, including the name of patron and current balance, is prepared at least monthly for active, inactive, settled or written-off accounts. (A listing of written-off items, i.e., worthless items at the time of write-off, and another listing of payments on items previously written-off are acceptable.)
50. Reclassification of an unpaid balance between the various casino accounts receivable listings (e.g., changing an account from active to inactive status) must not be reflected on the NGC tax returns.
51. The listing of all casino accounts receivable is reconciled to the general ledger each month.
52. All casino accounts receivable listings (the listings prepared pursuant to MICS #49) are reconciled to the NGC tax returns each month.

Note: One method to perform the reconciliation is: Change in listings balance (beginning balance less ending balance of all casino accounts receivables, including active markers, returned checks, settlements and write-offs net of recoveries), (+) marker credits, (-) "net adjustments" (from line 2(d) on the NGC-1 tax return), (=) zero.

53. All reconciliations required in the above "Accounting Standards" and any follow-up performed is documented and maintained. Any variances noted are documented prior to submission of the NGC tax returns for the month and are resolved prior to submission of the tax returns for the following month.
54. On a monthly basis, calculate the collection percentage, looking for unusual trends, as follows:

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- a. The total of collections in areas other than the pit.
  - b. Divided by the sum of:
    - 1) Pit marker credits, and
    - 2) Cage credit issues.
55. Upon receipt, accounting/audit personnel review completed settlement forms to ensure that all of the required information pursuant to Regulation 6.120 has been properly documented on the settlement form.
56. When a completed settlement form is missing any of the required information, accounting/audit personnel should attempt to obtain and document the missing information to ensure the form is complete. When a patron's signature is not included on the form, accounting/audit personnel will forward a request to the appropriate department to attempt to obtain the patron's signature. A record is maintained with the settlement form indicating the attempts to obtain the missing information.

***Audit Standards***

57. An individual independent of the cage, credit, and collection functions performs the following review procedures at least three times per year:
- a. Select a sample of credit accounts and ascertain compliance with credit limits and other established credit issuance procedures pursuant to Cage and Credit MICS #1 and Regulation 6.120(2).
  - b. Randomly reconcile outstanding balances of a sample of active and inactive (includes write-offs and settlements) accounts on the listing to individual credit records and physical instruments. This procedure need only be performed once per year for inactive accounts.
  - c. Select a sample of credit accounts and examine credit records to determine that appropriate collection efforts in accordance with Regulation 6.120(3) are being made and payments are being properly recorded.
  - d. For a minimum of five (5) days during each review, all partial payment receipts are subsequently reconciled to the payments recorded by the cage for the day and are numerically accounted for.

Note: An individual other than the internal auditor performs the reviews.

58. For one day each month, accounting/audit personnel trace the amount of cage deposits to the amounts indicated in the bank statements.
59. For two days each year, a count is performed of all funds in all gaming areas (i.e., cages, vaults, and booths, including reserve areas, SAMs, wagering instrument redemption machines and change machines). All chips and tokens are counted by denomination and type. Individual straps, bags, racks, and imprest banks are counted on a sample basis. All amounts counted are traced to the amount recorded on the appropriate accountability form to ensure the proper amount is recorded. Documentation is maintained evidencing the count amounts for each area and the subsequent comparison to the appropriate accountability form.

Note 1: The above counts are observed by an individual independent of the department being counted. It is recommended, but not mandatory, that the individual responsible for the funds should perform the actual count while being observed.

Note 2: These counts are separate from the count completed by internal audit.



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60. For each calendar quarter, select a sample of invoices for chips and tokens purchased during the calendar quarter being reviewed. Trace the dollar amount of chips or tokens indicated on the purchase invoice to the accountability document indicating the increase to the chips or tokens inventory to ensure the proper dollar amount of chips or tokens has been recorded on an accountability form.
61. For one day each quarter, accounting/audit personnel reconcile the current dollar amount of active wagering instruments and electronic funds associated with cashless wagering listed on the accountability document. The reconciliation includes using documents and system reports supporting all additions and reductions of active wagering instruments and electronic funds to the appropriate accountability area.

Note: Active wagering instruments are issued to an accountability area for the purpose of distributing to patrons.

62. For one day each year for each branch office, trace the collections as recorded by the branch office to the patron's computer account. Additionally, trace the branch office deposits, consisting of patron credit collections, to the appropriate bank statement and then to the patron's computer account looking for any unrecorded payments.
63. The following procedures are performed for marker issue/payment slips by accounting/audit personnel:
  - a. For manual marker issue slips, at least one day each month, verify that all numerically numbered slips are properly accounted for. Investigations are performed for all slips that are unaccounted for with the investigation being documented.
  - b. At least one day each month, foot the marker issue and payment slips and trace the total to the total marker issue and payment amounts indicated on the appropriate accountability document.
  - c. For each day, examine a sample of marker issue and payment slips for propriety of signatures and proper completion.
64. The following procedures are performed for voided markers by accounting/audit personnel for each day:
  - a. Examine all voided forms for proper authorization and "void" designation.
  - b. For computer marker systems, trace the voided form to the transaction log.
  - c. For computer marker systems, examine the transaction log for void transactions that are not supported by a voided form.
  - d. Determine that all parts of the voided marker have been received.
  - e. Examine marker for the proper number of signatures.
  - f. For all voided markers, compare the time of marker issuance to the time of voiding to determine that transactions were voided within 30 minutes after the issuance of the marker. If not voided within 30 minutes, determine whether the documented reason for exceeding this time period is adequate.
65. For one day each month, accounting/audit personnel review a sample of returned checks to determine that the required information was recorded by cage personnel when the check was cashed.
66. Monthly, accounting /audit personnel review all promotional payouts, drawings, and giveaway programs to determine proper accounting and proper win/loss computation.
67. For all promotional payouts, drawings, and giveaway programs the following documentation is maintained:

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- a. Copies of the information provided to the patrons describing the promotional payouts, drawings, and giveaway programs.
  - b. Effective dates.
  - c. Accounting treatment, including general ledger accounts, if applicable.
68. Monthly, accounting/audit personnel perform procedures (i.e., interviews, review of payout documentation) to ensure that promotional payouts, drawings, and giveaway programs are conducted in accordance with conditions provided to the patrons.
69. For each day, accounting/audit personnel reconcile all parts of the form used for increases/decreases to the cage inventory, investigate any variances noted, and document the results of such investigations.
70. Documentation (e.g., log, checklist, notation on reports, and tapes attached to original documents) is maintained evidencing the performance of cage and credit audit procedures, the exceptions noted and follow-up of all cage and credit audit exceptions.

***Branch Offices***

Note: MICS #71 - #74 apply to licensees with branch offices operated by their employees, marketing representatives, and independent agents.

71. MICS #18 through #23 and #31 through #37 also apply to branch offices.
72. At least monthly a home office employee independent of branch office operations and the cage department reconciles the listing prepared pursuant to MICS #20 to the credit issuances and payments recorded by the cage.
73. A current list is maintained indicating the location of branch offices that receive payments on credit instruments along with the date the branch was opened and closed, if applicable. For each branch office indicate the name of the branch office manager, address, and telephone number. Additionally, for each branch office indicate the total dollar amount of cash deposits and payments on credit instruments handled during the previous fiscal year.
74. Each branch office maintains the following documents:
- a. A monthly log of payments received on credit instruments that includes the patron's name on account to which the payment is being applied, the name of individual making the payment (if different than the patron), date of payment, dollar amount of payment, and nature of payment (e.g., cash, check).
  - b. A monthly log of all funds deposited and withdrawn that includes the patron's name, date of deposit/withdrawal, dollar amount of deposit/withdrawal, and nature of deposit (e.g., cash, check) and withdrawal (e.g., cash, marker payment).
  - c. A monthly record of currency exchange rate gains and losses and money changer fees in conjunction with a patron's payment on credit instruments that includes the patron's name, date of receipt, and dollar amount of payment.

Note: The money changer fees paid by the patron is included in the dollar amount of collections reported on the NGC tax returns. Additionally, the dollar amount of collections reported on the NGC tax returns should not be adjusted for the currency exchange rate gain or loss in conjunction with a patron's payment.

Note: MICS #75 applies to licensees with branch offices, marketing representatives, and/or independent agents that collected, in total, more than \$500,000 on credit instruments during the previous fiscal year, or more than

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\$500,000 in the fiscal year to date.

75. A report is maintained for each branch office, marketing representative, and/or independent agent (if not associated with a branch office) receiving payments on credit instruments that includes the following:
- a. Total dollar amount of credit issuances (pit and cage) by month for patrons assigned to the branch office, marketing representative or independent agent.
  - b. Total dollar amount of payments received in the month of the related credit issuance and for each subsequent month thereafter until the balance is collected, written off or settled.
  - c. Total dollar amount of settlements and write-offs in the month of the related credit issuance and for each subsequent month.